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WAGES IN MEXICO.

BY M. ROMERO, MEXICAN MINISTER TO THE UNITED STATES.

I HAVE often heard it stated, as the chief reason for advocating restrictions on this country's trade with Mexico, that we pay low wages to our laborers, who are sometimes called paupers or peons, and that the maintenance of the high wages prevailing here requires that the free entrance of Mexican products similar to those of the United States be forbidden. As this reason is repeated whenever it is proposed to adopt liberal measures to promote trade between the two neighboring republics, it seems to me that I might render a service to their better understanding of each other and to their increase of trade, reciprocally advantageous, if I should give an idea of the wages which are paid in Mexico ; of the causes which control their amount; of the manner in which these causes affect the cost and therefore the price of the commodities we produce ; and of the price of Mexican articles obtained with low wages, compared with the same commodities produced here with high wages. I should be very glad if I could in this way help to dispel the mistaken ideas which prevail in this country in regard to the labor and wage system of Mexico, and which stand in the way of measures tending to increase our mutual trade.

The broken surface of Mexico gives us all the climates of the world, frequently at very short distances from each other, and enables us to produce the fruits of all the zones, while placing at our disposal, at the same time, an immense hydraulic power, of which for the present we hardly avail ourselves. But, on the other hand, it makes transportation very expensive ; and this fact renders exceedingly difficult the interchange of products. The obstacles to communication between the various sections of the country, and the diversity of conditions existing in each, cause a great difference in the wages paid in different localities.

The Department of Public Works of the Mexican Government has been for some time collecting exact data regarding the wages paid to field laborers, and during my last visit to the City of Mexico I obtained a summary of these data. It is very difficult to present it in a complete and correct form, because there are several systems of wages. In some places a fixed amount is paid for one day's work ; in others a given sum is paid for a certain amount of work done ; in some others, besides the wages, rations are given, which consist of a certain quantity of grain, sufficient for the subsistence of the laborer and his family ; the quality and quantity of these rations vary, as well as their value, for grain has different prices in the various localities ; and all these causes render it very difficult to make an entirely accurate *résumé* of the official data. The most complete that I have been able to prepare is the following, which embraces the maximum and minimum field wages paid in the different states of the Mexican Confederation, in cents and per day :

States.	Minimum. Cents.	Maximum. Cents.	Average. Cents.
Aguas Calientes.....	.18¾	.18¾	.18¾
Baja California (T.).....	.50	.50	.50
Chiapas.....	.25	.75	.50
Chihuahua.....	.18¾	.25	.217½
Coahuila.....	.31¼	.75	.531½
Colima.....	.25	.37½	.31¼
Durango.....	.25	.75	.50
Distrito Federal.....	.31¼	.37½	.34¾
Guanajuato.....	.18¾	.31¼	.25
Guerrero.....	.18¾	.50	.34¾
Hidalgo.....	.12½	.37½	.25
Jalisco.....	.18¾	.50	.34¾
Mexico.....	.12½	.37½	.25
Michoacan.....	.15½	.75	.45¼
Morelos.....	.25	.75	.50
Nuevo Leon.....	.18¾	.18¾	.18¾
Oajaca.....	.18¾	.50	.34¾
Puebla.....	.18¾	.50	.34¾
Queretaro.....	.18¾	.37½	.28½
San Luis Potosi.....	.18¾	.25	.22¼
Sonora.....	.30	\$1.00	.65
Tabasco.....	.37½	.50	.43¾
Tamaulipas.....	.25	.50	.37½
Tepic (T.).....	.25	.50	.37½
Tlaxcala.....	.25	.50	.37½
Vera Cruz.....	.25	.62½	.43¾
Yucatan.....	.25	.37½	.31¼
Zacatecas.....	.18¾	.50	.34¾
Total average.....	.23½	.50	.36

I do not know that a statement similar to the preceding one has been made concerning the wages paid to laborers in factories, in mines, and on railroads, but I understand the Mexican Government is now collecting such data. I am sure, however, that these laborers earn wages considerably higher than those paid to field

hands, as those working on railways on the coast and on the frontier receive as much as \$1.50 per day.

Before giving an account of the causes of the diversity of wages paid in Mexico for field work, and showing why these wages are so low, it is opportune to state that it is not in Mexico only that such diversity of wages exists, for something similar takes place in this country. According to the latest information published by the Wisconsin Labor Bureau, a common laborer in Atlanta earns $7\frac{1}{2}$ cents per hour, while the same laborer in Galveston, which is another Southern city, earns 25 cents per hour, or three times as much.

As I have just stated, the broken surface of Mexico makes transportation very expensive, there being comparatively few wagon roads. On the one from Vera Cruz to the City of Mexico, which was the best constructed, the average freight in normal conditions was \$68.75 per ton of 2,200 pounds for a distance of only $263\frac{1}{4}$ English miles, or more than 26 cents per mile and ton; and in extraordinary circumstances, as during the French intervention in Mexico from 1861 to 1867, the freights were as high as \$330 per ton, or over \$1.25 per mile and ton.

Nothing shows more plainly how high freights have been in Mexico than to state that, in accordance with the Mexican laws, the company to which a grant was given in 1857 to build a railroad between Vera Cruz and the City of Mexico forfeited its charter because of services rendered to the French intervention; and when the national government returned to the City of Mexico, in 1867, and revived the grant, among the new restrictions agreed to by the company, a maximum freight was fixed of \$62 per ton of 2,200 pounds, or 24 cents a mile per ton; and this rate was then considered quite reasonable.

The common way of transporting merchandise was on the backs of mules or donkeys, the former carrying from three to four hundred pounds and the latter about one hundred pounds, both making about fifteen miles a day, and where there were no mule-paths goods were carried on the shoulders of Indians. The high cost of transportation allowed only the exportation of gold and silver, because the precious metals, having great value in comparatively small volume and weight, could bear the expense. These metals were, therefore, almost the only articles of export from Mexico for about three hundred years,

excepting a few other high-priced products, like cochineal and indigo, which, before the progress of chemistry, were almost the only materials used to dye in red and blue colors, and for this reason commanded a very high price. Even now, when Mexico has in operation over 5,000 miles of railways, and when the depreciation in the value of silver has established a bounty of about 30 per cent. on the exportation of commodities, the total amount exported from Mexico during last year was, in round numbers, \$40,000,000 in precious metals and only \$20,000,000 in commodities.

Merchandise could not be transported from one place to another in Mexico, whenever there was any distance between them, without increasing the cost very largely. Sugar, for instance, which in some localities was produced at the cost of 1 cent a pound, was sold in others at 25 cents a pound. Such a condition of things reduced the consumption and consequently the production to a very narrow limit, and very often a year's abundant crops amounted to a calamity to the farmers, as the abundance of products without an increase of consumption caused a great fall in prices. Under such circumstances the wages paid to the field laborers had necessarily to be low; and although they now begin to improve with the greater demand for labor brought about by the construction of railroads, and the consequent material progress of the country, they are yet far from being what is desired, and what I am sure they will be before long.

It is a fact that wages in Mexico are far lower in many cases than those paid for the same industries in the United States; but this ought not to seem strange when it is considered that this country pays probably the highest wages in the world; and not even the foremost manufacturing nations of Europe, as England, France, Germany, and Belgium, can compete with it in this regard. Yet while it is true that labor in the European countries is not so well remunerated as in the United States, it must be taken into account that it does not produce there as much as it does here. I am assured by competent persons that a bank-bill printer, for instance, does not print in England more than 1,500 sheets per week, while the average work done by the American workman is 6,000 sheets per week; and it is stated in the *Journal des Economistes* that a French weaver can take care of only four looms, a Belgian of five, an English weaver of six, and one from

this country of eight. But the actual production during a given working time is in Mexico far less than in the United States or even in Europe. The day's work of a Mexican laborer very likely represents only one-fourth of what is accomplished during the same time by a laborer in the United States. A Mexican laborer working from ten to eleven hours a day, for instance, accomplishes less work, or produces less, than a European or an American laborer in nine hours, and in some instances the disproportion is as great as 1 to 5. I have been assured that a Mexican bricklayer in eleven hours' work does not lay more than 500 bricks, while a bricklayer in the United States lays 2,500 in nine hours; and that a Mexican weaver cannot attend to more than two looms. Under such conditions the high wages of \$3 a day paid in the United States are no higher than the wages of 50 cents paid in Mexico, so far as the product of labor is concerned.

The principal causes for this difference in working capacity are, in my opinion, the following: (1) the Mexican laborer is not so well fed and paid as his brother in this country; (2) he generally works until he is exhausted, and his work is not, therefore, so productive; (3) he is not, on the whole, so well educated as the average laborer in the United States; (4) he has fewer wants to satisfy, and therefore less inducement to work. Perhaps there is, besides these causes, at least in some localities, a climatic influence, due to the enervating character of the tropical climate and to the high altitude above the level of the sea, and the consequent lower atmospherical pressure, where a large portion of the population of Mexico is located. I am inclined to believe that this is a factor in the case, as a similar difference is noticed among animals. A plough drawn by one horse in this country would in Mexico require two or three horses to accomplish the same work in similar localities; and this shows that the difference in working strength may be due, at least in part and in some places, to natural causes or climatic influences.

The impression prevailing in this country regarding the Mexican peon is an erroneous one. It is supposed here that peonage is equivalent to slavery, and that it is spread throughout the whole country. I must state at once that it exists principally in a comparatively reduced area where laborers are very scarce, and this fact shows that, while the system is liable to abuse, it has some advantages for the laborer.

The largest portion of the Mexican population is located on the mountains, central table-lands, and other high regions, which enjoy a cold and healthful climate, on account of their elevation above the sea level. Only the products of the cold zone can grow there, and they used to be cultivated on a limited scale, solely for local consumption, however, as the high cost of transportation prevented their being carried to any distance. In this region labor is abundant, and exceeds considerably the demand. Consequently the wages are low, and the peonage system only exists to a small extent ; and, as the number of working hands is greater than the demand, the laborers are exposed to disadvantages that fortunately are now disappearing as the progress of the country increases the demand for labor.

The temperate region embraces the lands located from three to five thousand feet above the level of the sea, and it is sparsely populated ; but its products are valuable, like coffee, sugar, and other tropical fruits. It is very difficult to find in this region the necessary hands to till the land on a large scale. For these reasons, and, above all, because of the high cost of transportation, such articles cannot be grown for export, except in a few places favorably located, and then in a limited quantity. This explains why some of these products command a higher price in some localities of the country where they are produced than in foreign markets, where they are transported from great distances. Sugar, for instance, which is retailed in New York at $4\frac{1}{2}$ cents a pound, costs in the city of Mexico from 12 to 18 cents, and it is not so well refined as the article sold here, although for that reason it has a greater amount of saccharine matter.

The hot region, which embraces the coast on both oceans and low valleys situated in the interior of the country, is very sparsely inhabited : labor is therefore very scarce and wages are higher than in any other region. While in the high and cold regions wages are often $12\frac{1}{2}$ cents a day and rations, on the coast they are sometimes \$1.50 a day. The inhabitants of the cold and temperate regions do not come down to the warm zone, because they are exposed to sicknesses prevailing there, such as yellow-fever and intermittent and remittent fevers, and because they are terribly annoyed by mosquitoes, and can hardly endure the heat. If at any time they do go there, it is only for a few days, and they return home very soon afterwards.

It has been thought, because the lowlands are the most fertile and rich, and almost uninhabited, that they could only be cultivated by means of negro or Asiatic labor; and this idea has induced some Mexican planters to try Chinese immigration, as article 11 of our constitution grants to all men the right freely to enter and leave Mexico.

The laborers living on the warm lands have, on account of the scarcity of their number, advantages which are not shared by their brothers inhabiting the higher regions. The first of these advantages is, as I have already stated, larger wages; the second is that they can obtain advances, in reasonable amounts, for any needs they may have, as marriages, births, sickness or death in their families, since the small amount of their wages does not allow them to economize for such emergencies, and these advances are willingly made by their employers on account of future services, without interest or security. But, unfortunately, these very advantages are the source of great abuse on the part of some employers, of which the laborer is sometimes the victim on account of his ignorance and complete destitution, on one side, and the influence and wealth of his employer, on the other.

I speak of this subject from personal experience, because, having spent several years as a planter in the department of Soconusco, state of Chiapas, where these conditions prevail, I saw practically the workings of the peonage system. It was not possible there to obtain a laborer either as a domestic or a field hand without paying beforehand the debt he had contracted with his former employer, which was from one to five hundred dollars; so it is easy to understand what an expenditure of money was required before a large number of hands could be obtained. Lapse of time increases the debt instead of diminishing it, since the laborer asks each week, as a rule, for more than the amount of his wages. Whenever the hands are displeased with their work,—either because they quarrel among themselves, because their employer does not treat them well, because they do not get all the advances they ask for, or for any other reason,—they have full freedom to offer their services to anybody else, who willingly pays their debt, as everybody is always in need of help; but often, and especially in the case of persons who do not live permanently in the country, as happened to me in Soconusco, laborers whose debts reach a considerable sum conceal themselves, fly to another district where they are

not known, or in some other manner evade the payment of their indebtedness; and the result is that it is lost to their employer.

These are the practical results of the peonage system, so far as my experience goes, although I do not deny that it is liable to great abuse on the part of the employers, who are favored in a few cases by the tolerance of some local authorities and by the ignorance and poverty of the laborers.

There are some places—especially in the states of Tabasco and Campeachy, where fine woods are cut in uninhabited spots, which change as the wood is exhausted—where the employer assumes, in the absence of any authorities or magistrates, and generally through an overseer, for he himself seldom remains at such places, all the powers of government. There, of course, the opportunities for doing wrong are very much increased, in view of the fact that there is hardly any responsibility for abuse of authority. In most of these cases the employer is obliged to set up, for the convenience of his laborers,—as I have heard, never having seen such a thing personally,—a store where they can provide themselves, there being no other near by, with groceries and such dry goods as they need in the ordinary course of life, paying for them with the scrip issued to them in settlement of their wages by the employer over his signature. It is easy to see how greatly this system is liable to abuse, since the laborer has to purchase at the store of his employer everything he wants, and at such prices as the owner may think fit to charge, losing all the benefits of competition.*

But the peonage system has no legal existence in Mexico, be-

* It seems that something similar to this is done in the United States, as is shown by the following extract from Gen. Rush C. Hawkins's article, entitled "Brutality and Avarice Triumphant," published in the June number of *THE NORTH AMERICAN REVIEW*, page 660: "One of the most facile means in the hands of avarice for cheating the poor and helpless is the 'corporation and contractors' store.' It is usually owned by corporations whose employees are the only patrons, and the rule is to sell the poorest possible quality of supplies at the highest price obtainable. In many instances employees are given to understand that they are expected to trade at the company and contract stores, or, failing to do so, will be discharged. This oppressive method of cheating is not confined to any particular part of the country, but prevails, with varying degrees of malignancy, wherever under one management, either corporate, partnership, or individual, any considerable number of employees are assembled together. Since the close of the Civil War many thousands of ignorant blacks have been made the victims of this common and heartless swindle, which has absorbed their scant earnings. At the end of each month, year in and year out, it has proved to their untrained minds an astonishing fact that the longer and the harder they worked the more they got in debt to their employers."

cause article 5 of our constitution of 1857, enacted for the purpose of abolishing it, provided that "nobody should be obliged to render personal service without proper compensation and his full consent," and forbade the law to authorize any contract which might have for its object the "loss or irreparable sacrifice of the freedom of man through work, education, or religious vows." This article was amended on the 25th of September, 1873, with the main view of prohibiting the taking of religious vows in Mexico, and of making it more explicit, and it reads now, so far as work is concerned, as follows: "The state cannot allow the fulfilment of any agreement, contract, or covenant which may, in any manner, impair, destroy, or irrevocably sacrifice man's liberty, either through work, education, or religious vows."

The Catholic clergy of Mexico encouraged the system of having a great many feast-days, because they were quite productive to the church. Over one-third of the year, not counting the Sabbath, was given up to religious festivals, during which all work was stopped. So objectionable were the results of this system that, when, in 1858, the laws of reform were enacted separating the church from the state, the feast-days were reduced by law to a very limited number—about six only in a year; but, as happens with all legislation in conflict with the actual habits of the people, the law has not been faithfully complied with, especially because it does not provide any punishment for the offenders. This fact makes foreigners in Mexico consider native labor unreliable.

It is time now to speak of the prices of Mexican commodities and to compare them with such as are produced here. The Department of Public Works has been for some time collecting data as to the prices of agricultural products in Mexico, and during my recent stay in the capital of the republic I obtained a *résumé* of such data, which I give on the next page, reducing the weights and measures used in Mexico to those used in this country, and stating the price of each article in each country.

It has been very difficult to make this table, for the complete accuracy of which I cannot vouch, notwithstanding that I have used much care and availed myself of all the means within my reach to make it as complete as possible; but the difficulty of obtaining the average price of certain articles in both countries is very great, and no less the reduction to a common standard of the weights and measures used in each. So far as commodities in

the United States are concerned, I have taken as the basis for fixing their price the data contained in No. 12 of the Statistical Abstract of the United States for the year 1889, prepared by the Bureau of Statistics under the direction of the Secretary of the Treasury, and sent by him to the House of Representatives on the 4th of December of the same year. In regard to such commodities as were not embraced in that document, I have used the data contained in the thirty-second annual report of the Chamber of Commerce of the city of New York for the fiscal year 1889-90, and in the report of the Produce Exchange of New York for the same period, and such other as I have been able to obtain from reliable sources.

Articles.	Prices in the City of Mexico.	Prices in the United States.
Bacon.....	50c. per lb.	20c. per lb.
Beeves.....	8c. per lb., gross weight.	4½c. per lb. gross wt.
Coal.....	\$16.00 per ton.	\$3.18 per ton.
Coffee.....	22c. per lb.	19c. per lb.
Corn.....	2c. per lb.	¼c. per lb., or 43c. per bushel of 56 lbs.
Cotton prints.....	10¼c. per yard.	3¼c. per yard.
Cottons.....	19c. per lb.	10c. per lb.
Flour.....	5c. per lb.	1½c. per lb., or \$2.75 per barrel of 196 lbs.
Ham.....	50c. per lb.	18c. per lb.
Hogs (live).....	9c. per lb., gross weight.	3¾c. per lb., gross wt.
Iron, pig.....	\$32.00 per ton.	\$19.00 per ton.
Lard.....	18c. per lb.	8½c. per lb.
Meats:		
Beef.....	12c. per lb.	7c. per lb.
Mutton.....	14c. per lb.	8¼c. per lb.
Pork.....	11c. per lb.	5¾c. per lb.
Paper, printing.....	15c. per lb.	5c. per lb.
Prints.....	8½c. per yard.	6¼c. per yard.
Rice.....	7c. per lb.	5c. per lb.
Salt.....	7c. per lb.	4c. per lb.
Sheep.....	9c. per lb., gross weight.	5c. per lb., gross wt.
Sugar.....	21c. per lb.	5c. per lb.
Tallow.....	15c. per lb.	4½c. per lb.
Tobacco.....	24c. per lb.	6½c. per lb.
Wheat.....	3c. per lb.	1½c. per lb., or 83c. per bushel of 60 lbs.
Whiskey.....	\$16.00 a cask of 20.0787 galls., or 80c. per gall.	36c. per gall. in bond.

One reason why Mexican products are so high is that when they reach the markets they have paid the local duty levied in coming into the cities. Unfortunately the internal commerce of Mexico is not free, as in the United States, where such freedom has contributed greatly, in my opinion, to the marvellous prosperity of the people. Our constitution of 1857 prescribed the abolition, from the 1st of July, 1858, of the interior duties and custom-houses throughout the whole country; but unfortunately it has not as yet been possible to comply with that provision, and the time has been extended by amending the constitution. The railroads have come to demonstrate practically

the great inconvenience of the system of trammelled interior commerce, and the Mexican Government is now endeavoring to bring the different states to an agreement to replace such duties with some other tax less objectionable.

The reciprocity treaty of January 20, 1883, contained a provision, which was, I think, little commented upon or appreciated here, whereby complete immunity from all local, state, and municipal taxes was granted to merchandise from this country imported into Mexico ; giving it the same freedom as it enjoys at home. My object in agreeing to the above clause was not only to encourage and promote the development of trade between the two countries, but also to undermine the present obnoxious legislation, which, by interposing so many obstacles, makes traffic almost impossible. The moment foreign merchandise was exempted from all local duties and barriers, domestic merchandise was left in such an unfavorable condition as to demand imperatively a change for the better.

I expected in this instance a repetition of what took place with our postage rates, which up to 1874 were almost prohibitory,—25 cents per quarter of an ounce,—thereby considerably encouraging evasion. Our Minister to Berlin was appointed a delegate from Mexico to the Universal Postal Union Congress which met in Paris, and he was one of the signatories of the convention concluded June 1, 1878, whereby the international postage rate was fixed at five cents per sixteen grammes, or half an ounce. When the Mexican Government ratified that convention, the old postage rates could not be kept up, and a few years later they were finally reduced to ten cents per half-ounce, and the number of letters forwarded in the Mexican mails has since immensely increased, the revenue therefrom having augmented fourfold.

When economical errors of long standing prevail in a country and become imbedded in the people, the most effective way to eradicate them is sometimes to make their remedy a subject of stipulation with a foreign country, giving it thereby a special force ; otherwise, if the remedy is enacted by one Congress, another can repeal that measure, as has been the case in Mexico with the *alcabalas* excise. We have great respect for international agreements, and hold that the legislative branch of the government cannot abrogate them, unless with the consent of the other party or in case of war.

It is now time to show that the low wages paid in Mexico do

not produce cheap commodities, and could not therefore, by competition, lower the compensation of labor, or the cost of similar manufactured articles in the United States.

We pay at home, in several cases, wages amounting to about a sixth of what is paid here for similar work, and yet the production in Mexico, with such low wages, is a great deal more expensive than the production of similar articles in the United States, with probably the highest wages in the world, and with prices consequently higher.

It is true that wages are one of the principal factors in the cost of production of all kinds of merchandise, but they are not the only, and in many cases not even the principal, one. The question of wages is very complex, and it seems that, in comparing the wages of this country with those paid in Mexico, two important factors are overlooked: first, the cost of living in each country, or the purchasing power of the currency in each; and, second, the amount of commodities produced in each country by the same unit of work, either on account of the greater fitness or greater physical strength of the laborer, or through the use of machinery, which increases the amount of production and cheapens it enormously. When these two circumstances are taken into account, it will be found that the high wages paid here are often no higher for the work performed, perhaps in some cases even lower, than those paid in Mexico and in other countries; and only in that way can we explain how this country with its high wages can produce many articles—for instance, watches and clocks—which compete successfully with those made in Switzerland, where wages are comparatively low.

The cost of production, too, depends on other circumstances, different in each country, all of which must be considered for a proper appreciation of the subject. I would need more space than I can reasonably use in this article to mention all the causes which affect wages, and to show how far they influence the cost of production; and I shall only present some practical and suggestive examples taken from the preceding table, to show that the same commodities produced in this country, with high wages, cost less, and therefore are sold at a lower price, than similar articles produced in Mexico with low wages.

One of the best illustrations of the correctness of this state-

ment is the working of mines in both countries. Although wages in Mexico are probably one-fourth or one-fifth of those paid in the United States, the production of silver costs much less here than there. Mr. Thomas H. Carter, late member of Congress from Montana, and a very competent judge, stated, during the first session of the last Congress, that miners' wages here were \$3 a day, while he fixed at fifty cents per day the wages of Mexican miners. I do not think his statement correct so far as Mexican mining wages are concerned, as miners there earn larger wages than field hands. That our production of silver is more costly than it is here is shown by the fact that mines similar to those which we abandon because it does not pay us to work them on account of the low grade of silver, or for other reasons, are operated in the United States with profit. This is in a great measure because mines are worked in this country by machinery, which diminishes the cost and increases the production; but this very fact shows that wages are not the only factor affecting the cost of production, and also that with high wages it is possible, and even easy, to produce at a less expense than with low wages.

Cotton-culture is another example. I am aware that the cotton-growers of the United States hold that what they call their cotton belt has peculiar conditions for the production of their staple, which in their opinion do not exist in any other portion of the world, and they believe, therefore, that nobody can compete with them in this regard. Without any intention on my part to belittle the advantages of the cotton belt of this country, I am of the opinion that there are in Mexico lands as well adapted for the production of cotton as the best in this country, and in some of our regions perhaps even more so; yet, notwithstanding these advantages and although our wages are low, cotton is produced cheaper in this country, and is sold with profit by the planters for one-half the price that it commands in Mexico. So great is the difference in the price of this staple in the two countries that notwithstanding an import duty on cotton of 8 cents per kilogram, or almost 5 cents per pound, which is equivalent to 50 per cent. ad valorem, we import from this country almost one-half of the cotton used in our home manufactures. I do not overlook the fact that cotton is raised here by negro labor, which is considerably cheaper than white labor; but, even assuming that wages in this case be the same in both

countries, the difference in cost is so great that labor is not the only factor in the expense of production.

Something similar happens with sugar. Here it is produced with high wages, and—although its culture in Louisiana is an artificial one, since frosts prevail there, since the cane has to be planted every year or two, and the ground cultivated at considerable expense several times a year, so that such culture is almost as artificial there as coffee-culture would be in New England—yet the Louisiana planters sell their sugar in New York with profit at from 6 to 7 cents per pound, while in the City of Mexico and other places in my country it commands twice and even three times that price.

The same is the case with tobacco. Although the climate and soil are very likely better fitted for its culture in Mexico than in this country, tobacco costs there, on an average, $24\frac{1}{2}$ cents per pound, while it is sold here at $8\frac{1}{2}$ cents per pound.

I shall not speak of the products of the cold climate, like wheat, barley, oats, etc., because the climate and soil of this country are naturally adapted for such culture, while for tropical products the conditions are decidedly in favor of Mexico; but despite the fact that we also have cold regions in Mexico, and notwithstanding the difference in wages, wheat is worth there twice as much as here, and there is about the same difference in the price of corn.

It is much the same with manufactured articles, like common printing-paper, which in the United States is worth about 3 cents a pound and in Mexico 15 cents, although we have abundant raw material and water-power for its manufacture. To encourage the making of paper, we established an import duty on foreign unsized and half-sized paper of 10 cents per kilogram, or over 5 cents per pound, equivalent to over 100 per cent. ad valorem, which was reduced by our present tariff to 5 cents per kilogram for the unsized, keeping the duty of 10 cents on the half-sized paper; and notwithstanding this we import printing-paper from this country, where the wages are so high compared with ours. Something similar happens with cottons and cotton prints, the former being worth 5 cents per yard in this country and from 10 to 15 cents per vara of 33 English inches in Mexico, and the latter, which are sold here at 8 cents per yard, being worth in Mexico about 20 cents per yard.

I believe that the preceding facts show beyond all doubt that, unless there is a material change in the present conditions of Mexico, there need be no fear of competition in the United States from Mexican manufactures in articles produced by us with cheap labor.

My country, too, has adopted the protection system, and we have carried it considerably further than it ever was carried in the United States. We established it originally, as it was established here, for the purpose of obtaining the means to defray the expenses of the government, and it was developed under the supposition that the higher the import duties the larger would be the revenue yielded ; but we failed to consider that smuggling is, in the nature of things, and especially in countries, like Mexico, well adapted for its operation, the regulator of prohibitory or exceedingly high duties. Under the protective duties, several industries have been established at home which are now greatly interested in the permanency of the present system. The import duty upon common cotton goods, which is the material worn by the largest portion of the Mexican population, is from 9 to 17 cents per square metre, or over 100 per cent. on the price of the goods in England. Flour pays 10 cents per kilogram, or more than 5 cents per pound, equivalent to 350 per cent. upon its value in New York. Printing-paper pays, as already stated, 5 and 10 cents per kilogram, or over $2\frac{1}{2}$ and 5 cents per pound, equivalent to from 100 to 200 per cent. ad valorem. I could multiply similar instances of high duties ; and yet we have not succeeded in cheapening our products or in perfecting our manufactures.

A very suggestive instance where high duties encouraged smuggling came under my personal observation. Mexican tobacco could not reach the northern states of Mexico on account of the high rates of transportation, to which I have alluded, and it could not be raised close by because its culture was for several years a government monopoly. Therefore the inhabitants of that region used tobacco raised in the United States, which they bought at a moderate price. Our import duty on tobacco up to the year 1878 was \$1.25 per kilogram, or about 66 cents per pound, and although tobacco from the United States was consumed in all the frontier of Mexico, and that was the only tobacco imported in the free zone, which at that date was limited to the state of Tamaulipas,

and although the yearly importation exceeded one million pounds, yet there hardly appeared in the treasury any revenue collected on this article. At that time I had the Treasury Department of Mexico under my charge, and, having observed this fact, I obtained the sanction of the President, who then had full authority from Congress for that purpose, and reduced the duty on tobacco to the comparatively moderate amount of 16 cents per kilogram, or less than 8 cents per pound ; and from that time we derived some revenue from foreign tobacco. I could mention many other instances as forcible as this one.

As the system of collecting import duties *ad valorem* is liable to many frauds, Mexico has adopted specific duties, or a fixed amount per weight, unit, or measure. Although this system has the disadvantage that the duty is not proportionate to the price of the merchandise, as is theoretically the *ad-valorem* duty, it is not liable to so many frauds as the other, and for that reason, I understand, it has been adopted by most of the European nations.

Agricultural products of this country, like wheat, cotton, and other farm products, notwithstanding the high wages paid here to field laborers, compete in the English and other free foreign markets, and successfully sustain a sharp competition with similar foreign products obtained with low wages, in some cases even lower than in Mexico, as in the case of China and the East Indies. There need, therefore, be no fear of competition from Mexico.

I believe that the people of the United States have the necessary pluck and fitness to compete with any other people in the world in the production of manufactured articles. It is true the high wages paid here, the import duties upon raw materials, and the higher price of coal than in some other countries, enhance the cost of the production of certain commodities as compared with similar ones manufactured in England, France, Germany, and Belgium ; but it must at the same time be remembered that the application of machinery, which is used here on a much larger scale than in any other country, cheapens production so greatly that it enables this country to manufacture many articles at a less cost than any other. An instance of this is the manufacture of steel rails in the Edgar Thompson factory, at Pittsburg, Penn., where, the entire production being mechanical, few hands are employed and where natural gas is used as fuel.

High duties collected in Mexico, amounting in some cases to

even 300 per cent. *ad valorem*, have not increased or cheapened our production. Our imports in the fiscal year ended on the 30th of June, 1889, the last one for which official data have been published, amounted to \$40,024,894.32; if we deduct from this the free articles, valued at \$13,506,230.23, we shall have as the dutiable merchandise \$26,518,664.09, yielding a revenue of \$22,477,962.95, or an average of 84.7 per cent., which is larger in proportion than that of any other American nation, and almost double that of the United States, where the average was 44.41 per centum for the fiscal year ending on the 30th of June, 1890; the value of the dutiable articles amounting to \$507,511,764, and the import duties to \$226,540,037. Notwithstanding all this, and although our wages are lower than those in this country, our production is considerably dearer.

I should be very glad if the explanations made in this article result in dispelling the errors prevailing in this country in regard to the conditions of labor in Mexico; and hope that, in case restrictions against Mexican trade are discussed, they will not be urged on the ground that our articles are produced with peon labor. I sincerely hope that both countries, instead of acting in a way contrary to the ends of nature, which has placed one beside the other, and has given them different climates, productions, and possibilities, will coöperate with the purpose of nature, and not interpose other obstacles to reciprocal trade than those absolutely necessary for their mutual well-being and progress.

M. ROMERO.